MULTIMEDIA UNIVERSITY STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2019/2020

BIT3104 INTERNATIONAL TRADE AND POLICY

(All sections / Groups)

18 OCTOBER 2019
3.00PM-5.00PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 3 pages with 5 Questions only.

2. Attempt **ALL** in Section A. Attempt any **TWO** questions in Section B. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

SECTION A : CASE STUDY
Attempt ALL questions.

Trade in counterfeit and pirated goods has risen steadily in the last few years – even as overall trade volumes stagnated – and now stands at 3.3% of global trade, according to a new report by the OECD and the EU's Intellectual Property Office. Trends in Trade in Counterfeit and Pirated Goods puts the value of imported fake goods worldwide based on 2016 customs seizure data at USD 509 billion, up from USD 461 billion in 2013 (2.5% of world trade). For the European Union, counterfeit trade represented 6.8% of imports from non-EU countries, up from 5% in 2013. These figures do not include domestically produced and consumed fake goods, or pirated products being distributed via the Internet.

Trade in fake goods, which infringe on trademarks and copyright, creates profits for organised crime gangs at the expense of companies and governments. Fakes of items like medical supplies, car parts, toys, food and cosmetics brands and electrical goods carry a range of health and safety risks. Examples include ineffective prescription drugs, unsafe dental filling materials, fire hazards from poorly wired electronic goods and sub-standard chemicals in lipsticks and baby formula.

"Counterfeit trade takes away revenues from firms and governments and feed other criminal activities. It can also jeopardise consumers' health and safety," said OECD Public Governance Director Marcos Bonturi, launching the report with the Director of the EU Observatory on IPR infringements at the EUIPO, Paul Maier, and the EU Ambassador to the OECD Rupert Schlegelmilch. "Counterfeiters thrive where there is poor governance. It is vital that we do more to protect intellectual property and address corruption."

The goods making up the biggest share of 2016 seizures in dollar terms were footwear, clothing, leather goods, electrical equipment, watches, medical equipment, perfumes, toys, jewellery and pharmaceuticals. Customs officials also noted an increase in counterfeits of goods less commonly seen in the past such as branded guitars and construction materials.

The majority of fake goods picked up in customs checks originate in mainland China and Hong Kong. Other major points of origin include the United Arab Emirates, Turkey, Singapore, Thailand and India.

The countries most affected by counterfeiting in 2016 were the United States, whose brands or patents were concerned by 24% of the fake products seized, followed by France at 17%, Italy (15%), Switzerland (11%) and Germany (9%). A growing number of businesses in Singapore, Hong Kong and emerging economies like Brazil and China are also becoming targets.

Continued...

Small parcels sent by post or express courier are a prime and growing conduit for counterfeit goods. Small parcels accounted for 69% of total customs seizures by volume over 2014-2016 (57% via post and 12% via courier), up from 63% over the 2011-2013 period.

Along with insufficient screening of small parcels, other areas where policy gaps are facilitating counterfeit trade are inconsistent penalties on traffickers and the special rules governing free trade zones. Past OECD-EUIPO analysis has shown that free trade zones – where economic activity is driven by reduced taxes, customs controls and lighter regulation – can unintentionally facilitate counterfeit trade. The OECD is working with its member countries on formal guidelines to help authorities stem the problem.

Trends in Trade in Counterfeit and Pirated Goods covers all physical fake goods which infringe trademarks, design rights or patents, and tangible pirated products, which breach copyright. It does not include online piracy, which is a further drain on economies.

(Source : OECD 2019, Trade in fake goods is now 3.3% of world trade and rising)

QUESTION 1

Counterfeits and pirated goods can be seen in our markets. The rate of the increase is alarming. Explain **FIVE (5)** effects of counterfeits and pirated goods to the country.

(Total: 25 marks)

QUESTION 2

Suggest **FIVE (5)** ways the government can undertake to prevent the rise of counterfeits and pirated goods.

(Total: 25 marks)

SECTION B

Choose TWO (2) questions.

QUESTION 3

The United Nations (UN) and the International Monetary Fund (IMF) have placed Malaysia among the top 30 countries in the world for illicit financial outflows (The Star 2019). Suggest **FIVE (5)** effects of these illicit financial outflows to the country and international trade.

(Total: 25 marks)

Continued...

QUESTION 4

Malaysia is set to be the preferred location for the semi-conductor industry (The Star 2019). Explain with examples, **FIVE (5)** reasons why Malaysia is the preferred location.

(Total: 25 marks)

QUESTION 5

The current Prime Minister of Malaysia Tun Dr Mahathir condemned the on-going trade wars between the United States and China (The Star 2019). Suggest **FIVE (5)** effects of the trade wars to the countries around the world.

(Total: 25 marks)

End of Paper